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SUBJECT: SCENESETTER FOR THE PRESIDENT'S MEETINGS WITH PM  
MALIKI AND PRESIDENT TALABANI

Classified By: Charge d'Affaires Patricia A. Butenis for reasons 1.4 (b)  
) and (d).

¶1. (S/NF) Mr. President: Your meetings with Prime Minister (PM) Maliki and President Talabani on the margins of the UNGA present an opportunity to build upon the outcome of the Benchmarks Report, and to focus both Iraqi leaders on making maximum use of the surge between now and next spring. You will likely find Maliki feeling self-confident and upbeat about the course of the political debate in Washington, and disdainful of his political opponents. Maliki, like most Iraqis, paid careful attention to your speech, to the Benchmarks Report, and to the testimony offered by the Ambassador and General Petraeus. He appears to have concluded (as have most of his allies) that the GOI demonstrated just enough political progress to avert a withdrawal of U.S. support for his government, winning him a new lease on life that should keep him in office for at least another 3-6 months.

¶2. (S/NF) Maliki's instinct will likely be to revert to business as usual (i.e., a focus on consolidating Shi'a domination of the central government, leavened by token gestures at power-sharing via the 3 1 framework and lukewarm support for reconciliation with Sunni insurgents). This instinct is reinforced by his belief that at least some of the Tawafuq ministers will re-join his cabinet in the coming weeks (at least one, Planning Minister Ali Baban, has already done so), and by his distrust of Vice President Hashimi. Yet the continued defections from the Shi'a United Iraqi Alliance (the Sadrists pulled out on September 17, and some elements of Da'wa Tanzim have threatened to follow) suggest that the PM may be underestimating the risks engendered by his leadership style and the ineffectiveness of his government. While the opposition parties do not yet have the votes to topple Maliki, and certainly could not coalesce to form a government, they certainly have enough votes to humiliate him by summoning him for questioning and even by subjecting him to a vote of no-confidence. (Although the latest indications are that Tawafuq will not join with the Sadrists if such a vote is called, if that were to change then the opposition parties might be within striking distance of being able to topple Maliki.) For our own interests as well as for Maliki's sake, we need to steer him towards safer ground -- and real movement on reconciliation.

¶3. (S/NF) We can expect some choppy water along the way. Maliki can be obstinate under pressure, as we saw in his handling of the UNAMI mandate expansion, his reluctance to release a promised \$25 million dollars to assist Iraqi refugees, and his eleventh hour foot-dragging on providing economic assistance to Anbar (which almost derailed the second Anbar Forum). In addition, Maliki's self-assurance may

at times blind him to the need for flexibility: even his political partners complain that in recent meetings, Maliki seems less inclined than ever to build bridges and seek compromise. Last but not least, Maliki remains deeply ambivalent about reconciliation with Sunnis, and suspicious that the Anbar Awakening and similar efforts are aimed against him. Helping Maliki to make the necessary course corrections will require the same steady-handed guidance and encouragement that you have hitherto provided him.

#### Pressing Talabani for Realism

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¶4. (S/NF) Neither Talabani nor Kurdish Region leader Masoud Barzani have made serious efforts to prepare Kurdish opinion for what will now be inevitable delays in implementing Article 140 of the Iraqi Constitution (which deals with resolving the status of Kirkuk and other disputed territories). You may wish to congratulate Talabani on the fact that the Article 140 Committee has resumed activity, while noting it would be helpful for President Talabani to be publicly supportive of the Committee's work. You might ask Talabani about when he plans to begin a conversation with the Kurdish public about a possible delay of the referendum on Kirkuk. The Kurds need to hear Talabani and Barzani explain why a delay is both necessary and acceptable.

#### Power Sharing

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¶5. (S/NF) You will want to ask Maliki and Talabani about their plans for following up on the outcome of the leaders conference, and especially on the continuation of the 3 1 process. Expect Maliki to complain that Vice President

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Hashimi is not genuinely interested in being a partner and instead wants to use the 3 1 format to block political progress. He may also point to Hashimi's draft "Social Contract" as evidence that the Sunnis have not abandoned their goal of undoing the results of the 2005 elections and revamping the constitution. You can reassure Maliki that we will keep a close eye on Hashimi's behavior. If we see him playing the spoiler, we'll call him on it. In the interim -- and in the absence of a credible Sunni alternative -- Maliki and Talabani need Hashimi if they are to make meaningful political progress.

#### Key Legislation

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¶6. (S/NF) In terms of legislation, the political deputies resolved remaining differences on the de-Ba'athification reform bill, and a new draft, carrying the endorsement of the five leaders, will be taken up in the Council of Representatives on September 22. We should encourage rapid passage of the bill so long as the text remains true to the leaders' agreement. Maliki's advisors tend to see de-Ba'ath reform as a necessary evil -- they may have to accept it, but they are determined not to like it. Consequently, there is not much strategic thinking in Maliki's office about how to manage the rollout of the de-Ba'ath law in a way that helps the GOI to earn credit domestically with the Sunnis, regionally with the Arab neighbors, and more broadly with the international community. You may want to plant the idea with both Maliki and Talabani that a finished, signed de-Ba'athification reform law -- one that enjoys Sunni support -- would help set the stage for a successful Neighbors Ministerial in Istanbul. De-Ba'ath reform will likely be the GOI's most significant step towards national reconciliation in the next thirty days, and the Iraqis need to make the most of it.

¶7. (S/NF) While we should also encourage the Iraqis to finalize the provincial powers law as per the leaders' agreement, you may wish to use this opportunity to press both

Maliki and Talabani on the need to quickly pass the hydrocarbon framework legislation. Expect both to blame others for the delay. Maliki has the votes needed to secure passage of the hydrocarbon package in the Council of Representatives, and he has the leaders, agreement on which version (the February version) to send to the Council of Representatives for debate. He needs to hear that it is time to stop quibbling about details, such as percentage limits of national investments in the accompanying revenue sharing law, since every day that passes delays much-needed investment opportunities that would raise revenue in absolute terms for all of Iraq. Constitutional issues can be worked out by minor compromises in the law itself, as can issues about the annexes. As for the Kurdish region, passage in August of the KRG hydrocarbon law has not helped anyone, and Talabani needs to be firmly told to stop stalling and to finalize the deal to which he agreed in February, both to maximize potential economic returns to Iraq and to reinforce national unity.

#### Beyond Benchmarks Legislation

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¶8. (S/NF) You may wish to press Talabani and Maliki on how they plan to maintain momentum on national reconciliation efforts in the wake of Sheikh Abdul Sattar Albu Risha's assassination on September 13. His murder can either unite or further divide Iraqis. Maliki's prompt and conciliatory response to the murder stemmed irresponsible accusations of GOI and U.S. responsibility, and calmed angry tribes in Anbar Province. We should commend Maliki for his tactful response, and press him to use Sattar's death to further isolate/destroy Al Qaida, and continue the GOI's work to effect national reconciliation and tribal engagement.

¶9. (S/NF) In addition, you could underscore the message that we have given the Sadrists the benefit of the doubt by treating Sadr's August 30 "ceasefire" declaration seriously, despite its spotty implementation. We have released Sadrist/JAM detainees and have reduced the tempo of our operations in Sadr City by fifty percent, but our patience is not inexhaustible. If Sadr wants this ceasefire to take hold, we need to see more effort from his side. If we see that effort, we are prepared to generously reward those areas where we see the ceasefire take root.

¶10. (S/NF) Maliki will likely initiate a conversation on our long-term strategic relationship. You will want to indicate

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that we are ready to begin work on such a relationship, but that it will take some time. The next step could be a partnership declaration similar to the one we signed with Afghanistan. This would signal in general terms our willingness to cooperate on security matters well into the future, but also in diplomatic, political and economic areas.

¶11. (S/NF) The leader's communique recognized that a necessary part of carrying us through the intervening period is a renewal of the UNSCR which allows us (and the rest of the Coalition) to operate in Iraq. We have gotten some signals that Maliki accepts this reasoning and is prepared to forego wrangling over the provisions, but there is no certainty of this. It would therefore be useful to underscore that getting the UNSCR done will give us about a year to do the work necessary to complete agreements with Iraq similar to those we have with other countries. These agreements -- the centerpiece of which would be a SOFA -- will institutionalize our future cooperation while recognizing Iraq's full sovereignty and readiness to undertake most responsibilities for its own security.

#### External Relations

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¶12. (S/NF) Maliki continues to decry outside interference in Iraq's internal affairs, with the Iranians still seen as

major actors in this. We should encourage Maliki,s commitment to the Neighbors process (whose second Ministerial meeting will take place in Istanbul by early November) as the means for dealing with external interference. The September 22 meeting in New York about the expanded UNAMI mandate and the ICI should produce a reaffirmation from Maliki of support for the UN,s expanded mandate, although the Iraqis have not really thought much about how the expanded mandate might be implemented.

¶13. (S/NF) Iraq,s relations with Turkey are probably the best of its relations with neighboring countries, and the Turks are strong supporters of the Neighbors process. Turkey recognizes the threat to stability posed by Sunni disenfranchisement, and has pushed Maliki on the need to ensure Sunni participation in the political process. Iraqi relations with the Saudis are improving: the Saudis are taking concrete steps to open an embassy in Baghdad, which may influence other Arab countries to follow suit. The Saudis have indicated that they may be ready to move more aggressively to counter Iran,s influence in Iraq and the region; the Iraqis need to build on this and work with the Saudis.

¶14. (S/NF) You may wish to urge Maliki and Talabani to move more quickly on deepening Iraqi participation in implementing the International Compact with Iraq (ICI). In particular, the Iraqis need to fully staff the ICI Secretariat and set up all sectoral working groups with representatives from the relevant ministries in the next two months. Iraqi ownership and leadership in a fully functional ICI Secretariat and sectoral working groups is critical. A fully functional Secretariat will provide the appropriate mechanism for

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channeling bilateral donor funds towards development  
priorities identified by the GoI and the international  
community.  
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